

AMENDED IN ASSEMBLY JUNE 22, 2010  
AMENDED IN SENATE JANUARY 26, 2010  
AMENDED IN SENATE JANUARY 12, 2010  
AMENDED IN SENATE MAY 6, 2009  
AMENDED IN SENATE APRIL 28, 2009  
AMENDED IN SENATE APRIL 15, 2009

## SENATE BILL

**No. 442**

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### **Introduced by Senator Ducheny**

(Principal coauthor: Assembly Member Chesbro)

### **(Coauthor: Senator Wiggins)**

(Coauthors: Assembly Members Block, Blumenfield, Evans, Fletcher,  
Monning, and Salas)

February 26, 2009

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An act to amend Sections 1200, 1213, ~~1214~~, ~~1216~~, ~~1229~~, *1218.1*,  
1245, and 1266 of, and to add Section ~~1212.5~~ *1218.3* to, the Health and  
Safety Code, relating to clinics.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 442, as amended, Ducheny. Clinic corporation: licensing.

Under existing law, the State Department of Public Health is responsible for the licensing and regulation of clinics, as defined. A violation of these provisions is a crime.

This bill would define "clinic corporation" as a nonprofit organization that owns one or more primary care clinics, or mobile health care units as defined, ~~and would provide for a single consolidated license for clinic corporations, as specified.~~

*Existing law allows specified primary care clinics to apply for a license to establish a primary care clinic, known as an affiliate clinic, at an additional site and allows the department to approve a license for the affiliate clinic, without the necessity of first conducting an initial onsite survey in specified conditions.*

*This bill would allow a clinic corporation, on behalf of an eligible primary care clinic, to submit an affiliate clinic application, as specified, to license a primary care clinic or a mobile health care unit as an affiliate clinic if certain conditions are met. The bill would designate the clinic corporation as the administrative headquarters for specified purposes for all of the affiliated clinics operated by that clinic corporation and would allow the clinic corporation to submit a single report of change and a single payment for all clinic license renewal fees for all of the primary care clinics operated by the clinic corporation. The bill would also require the department to create a corporate file for each clinic corporation that includes specified information.*

~~Existing law provides for a fee to be paid for an initial license, renewal license, license upon change of ownership, or special permit set at specified amounts.~~

~~This bill would require the department to annually set the fee for a clinic corporation. The bill would also make conforming changes to the licensing provisions. Because this bill would create a new crime, it would impose a state-mandated local program.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California's primary care clinics are essential partners with
- 4 the state in providing a health care safety net for underserved,
- 5 uninsured, and underinsured populations in a cost-effective manner.
- 6 (b) California's primary care clinics generate significant savings
- 7 to the state and to local communities in both of following ways:

1 (1) By providing primary and preventive care that responds to  
2 patients' needs before medical problems become serious or life  
3 threatening.

4 (2) By reducing the reliance of patients, including uninsured  
5 and underinsured patients, on costly emergency room care,  
6 inpatient treatment, and specialty care.

7 (c) The need for primary care clinics continues to grow  
8 dramatically due to the continuing increase of uninsured and  
9 underinsured patients in California, the escalating unemployment  
10 rate, and a severely depressed economy.

11 (d) The current system for licensing primary care clinics is  
12 inefficient and ~~not consistent with industry practices~~ *results in a*  
13 *significant waste of taxpayer and community resources that could*  
14 *otherwise be devoted to patient care.* Requiring a nonprofit clinic  
15 corporation that operates primary care clinics to ~~apply for a license~~  
16 ~~for every clinic site and to repeatedly submit the same information~~  
17 ~~on the primary care clinic license application~~ *places a significant*  
18 ~~burden on community clinics to meet outdated bureaucratic~~  
19 ~~requirements and results in a significant waste of taxpayer and~~  
20 ~~community resources that could otherwise be devoted to patient~~  
21 ~~care.~~ *submit a full application package for each affiliate clinic*  
22 *license every time the clinic corporation wishes to open a new site*  
23 *results in the repeated submission of a significant amount of*  
24 *information and documentation that is already in the department's*  
25 *possession. This places a significant burden both on the primary*  
26 *care clinics that must compile the information and on regulators*  
27 *who must process it. The mandate under current law that each*  
28 *clinic separately submit notices to the department for any change*  
29 *in the clinic's administration, medical director, or board president*  
30 *further burdens clinic corporations that operate multiple clinic*  
31 *sites under a centralized administration. This requirement also*  
32 *results in the submission of unnecessary duplicate notices to the*  
33 *department.*

34 (e) Streamlining administrative processes through a ~~consolidated~~  
35 ~~application for licensure of new and continuing primary care clinics~~  
36 ~~paperwork reduction process that eliminates duplication in the~~  
37 ~~application requirements for new affiliate clinics~~ *will result in*  
38 *substantial cost savings to the state and improved access to health*  
39 *care for underserved populations.*

1     (f) *The Legislature anticipates significant cost savings to the*  
2     *department from reduced workload as a result of the paperwork*  
3     *reduction process.*

4     SEC. 2. Section 1200 of the Health and Safety Code is amended  
5     to read:

6     1200. (a) As used in this chapter, “clinic” means an organized  
7     outpatient health facility that provides direct medical, surgical,  
8     dental, optometric, or podiatric advice, services, or treatment to  
9     patients who remain less than 24 hours, and that may also provide  
10    diagnostic or therapeutic services to patients in the home as an  
11    incident to care provided at the clinic facility. Nothing in this  
12    section shall be construed to prohibit the provision of nursing  
13    services in a clinic licensed pursuant to this chapter. In no case  
14    shall a clinic be deemed to be a health facility subject to the  
15    provisions of Chapter 2 (commencing with Section 1250). A place,  
16    establishment, or institution that solely provides advice, counseling,  
17    information, or referrals on the maintenance of health or on the  
18    means and measures to prevent or avoid sickness, disease, or injury,  
19    where that advice, counseling, information, or referral does not  
20    constitute the practice of medicine, surgery, dentistry, optometry,  
21    or podiatry, shall not be deemed a clinic for purposes of this  
22    chapter.

23    (b) For purposes of this chapter:

24    (1) “Primary care clinics” means all the types of clinics specified  
25    in subdivision (a) of Section 1204, including community clinics  
26    and free clinics.

27    (2) “Specialty clinics” means all the types of clinics specified  
28    in subdivision (b) of Section 1204, including surgical clinics,  
29    chronic dialysis clinics, and rehabilitation clinics.

30    (3) “Clinic corporation” means a nonprofit organization that  
31    operates one or more primary care clinics, as defined in paragraph  
32    (1) of subdivision (a) of Section 1204, that are required to be  
33    licensed under Section 1205, one or more mobile health care units  
34    required to be licensed or approved pursuant to the Mobile Health  
35    Care Services Act (Chapter 9 (commencing with Section  
36    1765.101)) and operated as primary care clinics, or one or more  
37    primary care clinics and one or more mobile health care units.

38    (4) “Department” means the Licensing and Certification  
39    Division of the State Department of Public Health, or its successor.

(5) “Centralized applications unit” means the centralized applications unit in the Licensing and Certification Division of the department, or a successor entity.

SEC. 3. Section 1212.5 is added to the Health and Safety Code, to read:

~~1212.5.—(a) Upon submission of a complete application for a single consolidated license by an eligible clinic corporation, the centralized application unit shall issue a single consolidated license to the clinic corporation when the centralized applications unit has done all of the following:~~

~~(1) Determined each primary care clinic that is on the application for the single consolidated license and separately licensed to be in good standing at the time of the application.~~

~~(2) Determined each mobile health care unit that is on the application for the single consolidated license and separately licensed to be in good standing at the time of the application.~~

~~(3) Deemed each primary care clinic that is included on the application for the single consolidated license and that is not separately licensed at the time of the application to meet the requirements of Section 1212 by virtue of the primary care clinic being included on the application for the single consolidated license.~~

~~(4) Deemed each mobile health care unit that is included on the application for the single consolidated license and that is not separately licensed or approved by the department at the time of the application to meet the requirements of Mobile Health Care Services Act (Chapter 9 (commencing with Section 1765.101)) by virtue of the mobile health care unit being included on the application for the single consolidated license.~~

~~(5) Determined compliance with the minimum construction standards of adequacy and safety of the physical plant, pursuant to subdivision (b) of Section 1226, for each primary care clinic that is included on the application for the single consolidated license and that is not separately licensed at the time of the application.~~

~~(b) No primary care clinic or mobile health care unit included on a single consolidated license application shall be required to submit a separate application for licensure.~~

~~(e) (1) Each primary care clinic that is included on the single consolidated license issued by the centralized applications unit shall be deemed to be licensed pursuant to Section 1205.~~

~~(2) Each mobile health care unit that is included on the single consolidated license issued by the centralized applications unit shall be deemed to be licensed pursuant to Section 1765.125.~~

~~(d) Eligibility for a single consolidated license shall be based on the following criteria:~~

~~(1) The clinic corporation applying for the single consolidated license shall, at the time of application for the single consolidated license, have been a known entity to the department, have been in existence for not less than five years, and have operated one or more primary care clinics or one or more mobile health care units that hold a valid, unrevoked, and unsuspended license for, at a minimum, the immediately preceding five years, with no demonstrated history of repeated or uncorrected violations of this chapter, or any regulation adopted pursuant to this chapter, that pose immediate jeopardy to a patient, as defined in subdivision (d) of Section 1218.1, and have no pending action to suspend or revoke its license.~~

~~(2) A completed application for a single consolidated license has been submitted and the associated license fee has been paid.~~

~~(3) The corporate officers, as specified in Section 5213 of the Corporations Code, are the same for each primary care clinic or mobile health care unit included on the single consolidated license.~~

~~(4) The clinic corporation both owns and operates each primary care clinic or mobile health care unit included on the single consolidated license under a single board of directors.~~

~~(5) There are one or more medical directors operating under a single set of policies, procedures, and standards for all the primary care clinics and mobile health care units owned and operated by the clinic corporation.~~

~~(e) Section 1219 shall not be applicable to a single consolidated license issued under this section or to a primary care clinic or a mobile health care unit that is included on a single consolidated license.~~

~~(f) (1) The centralized applications unit shall issue a single consolidated license under this section within 30 days of receipt of a completed application for a single consolidated license or within seven days of the date the centralized applications unit~~

1 ~~approves the application for a single consolidated license,~~  
2 ~~whichever is earlier.~~

3 ~~(2) (A) If the centralized applications unit determines that an~~  
4 ~~applicant for a single consolidated license does not meet the~~  
5 ~~eligibility criteria for a single consolidated license, as set forth in~~  
6 ~~subdivision (c), it shall identify, in writing and with particularity,~~  
7 ~~the grounds for that determination, and shall, instead, process the~~  
8 ~~application for the clinic to be added to the single consolidated~~  
9 ~~license as an individual clinic on its own in accordance with the~~  
10 ~~time specified in Section 1218.~~

11 ~~(B) A clinic corporation that is denied an application for a single~~  
12 ~~consolidated license may appeal the denial pursuant to Section~~  
13 ~~1220.~~

14 ~~(3) The centralized applications unit shall issue a single~~  
15 ~~consolidated license without the necessity of an initial onsite survey~~  
16 ~~of the primary care clinics and mobile health care units included~~  
17 ~~on the single consolidated license.~~

18 ~~(4) (A) A single consolidated license issued by the centralized~~  
19 ~~applications unit shall specify the name and location of each~~  
20 ~~primary care clinic and mobile health care unit included on the~~  
21 ~~single consolidated license.~~

22 ~~(B) The centralized applications unit shall issue an original~~  
23 ~~single consolidated license to the clinic corporation. The clinic~~  
24 ~~corporation shall photocopy and distribute identical copies of the~~  
25 ~~original single consolidated license to each primary care clinic and~~  
26 ~~mobile health care unit included on the single consolidated license.~~  
27 ~~The copies of the single consolidated license shall be posted at~~  
28 ~~each clinic site and in each mobile health care unit.~~

29 ~~(g) (1) Upon application to the centralized applications unit, a~~  
30 ~~clinic corporation with a valid, unrevoked, unsuspended single~~  
31 ~~consolidated license may, at any time during the license period,~~  
32 ~~do the following:~~

33 ~~(A) Add a primary care clinic or a mobile health care unit to~~  
34 ~~the single consolidated license.~~

35 ~~(B) Relocate a primary care clinic or mobile health care unit~~  
36 ~~that is already on the single consolidated license.~~

37 ~~(C) Delete a primary care clinic or a mobile health care unit~~  
38 ~~from the single consolidated license.~~

39 ~~(2) The centralized applications unit shall add a primary care~~  
40 ~~clinic or mobile health care unit to, or delete a primary care clinic~~

1 or mobile health care unit from, the single consolidated license  
2 within 30 days of receipt of a completed form for the addition or  
3 deletion.

4 (3) ~~The centralized applications unit shall add a primary care~~  
5 ~~clinic or a mobile health care unit to, or allow the relocation of a~~  
6 ~~primary care clinic or mobile health care unit that is already on,~~  
7 ~~the single consolidated license without the necessity of conducting~~  
8 ~~an initial onsite survey.~~

9 (4) ~~For every primary care clinic or mobile health care unit~~  
10 ~~added to the single consolidated license before the next renewal~~  
11 ~~date, the clinic corporation shall pay a license fee, if applicable,~~  
12 ~~equivalent to the fee for one primary care clinic included in a single~~  
13 ~~consolidated license set pursuant to subdivision (d) of Section~~  
14 ~~1266, prorated based on the effective date of the addition of the~~  
15 ~~clinic.~~

16 (5) (A) ~~A primary care clinic that is deleted from a single~~  
17 ~~consolidated license for reasons other than noncompliance with~~  
18 ~~this chapter or Chapter 7 (commencing with Section 75001) of~~  
19 ~~Division 5 of Title 22 the California Code of Regulations may~~  
20 ~~independently apply for a primary care clinic license pursuant to~~  
21 ~~Section 1218.1.~~

22 (B) ~~A mobile health care unit that is deleted from a single~~  
23 ~~consolidated license for reasons other than noncompliance with~~  
24 ~~the Mobile Health Care Services Act (Chapter 9 (commencing~~  
25 ~~with Section 1765.101)) may independently apply for a license or~~  
26 ~~approval pursuant to the Mobile Health Care Services Act.~~

27 (h) (1) ~~The department shall develop a single-page form for~~  
28 ~~the following:~~

29 (A) ~~Adding a primary care clinic or a mobile health care unit~~  
30 ~~to the single consolidated license.~~

31 (B) ~~Relocating a primary care clinic or mobile health care unit~~  
32 ~~that is already on the single consolidated license.~~

33 (C) ~~Deleting a primary care clinic or a mobile health care unit~~  
34 ~~from the single consolidated license.~~

35 (2) ~~The form shall request all of the following information:~~

36 (A) ~~The name and address of the clinic corporation's~~  
37 ~~administrative offices and the name and contact information of~~  
38 ~~the clinic corporation's chief executive officer or executive director.~~

39 (B) ~~The name and address of the primary care clinic site or~~  
40 ~~location of the mobile health care unit and the name and contact~~



1 information of the manager at each primary care clinic site or  
2 mobile health unit to be added, relocated, or deleted.

3 (C) The type and the manufacturer of the mobile health care  
4 unit to be added, relocated, or deleted.

5 (D) The expected days and hours of operation and the services  
6 provided at each primary care clinic site or mobile health care unit  
7 added or relocated.

8 (E) The proposed area or areas where the added mobile health  
9 care unit will be providing services.

10 (F) A self-attestation of the following:

11 (i) Each added or relocated primary care clinic site meets the  
12 requirements of Section 1212 and provides evidence that each  
13 clinic site meets minimum construction standards of adequacy and  
14 safety of the physical plant, pursuant to subdivision (b) of Section  
15 1226.

16 (ii) Each added or relocated mobile health care unit meets the  
17 requirements of the Mobile Health Care Services Act (Chapter 9  
18 (commencing with Section 1765.101)).

19 (G) Evidence of appropriate and sufficient fire clearance for  
20 each added or relocated primary care clinic site.

21 (H) For relocation of a primary care clinic or mobile health care  
22 unit, the new address where the primary care clinic or mobile health  
23 care unit will be located.

24 (i) A clinic corporation that is issued a single consolidated  
25 license may consolidate the administrative functions, as specified  
26 in Section 1218.2, for all primary care clinics and mobile health  
27 care units that are on the single consolidated license.

28 (j) The department shall transmit to a clinic corporation that has  
29 been issued a single consolidated license a renewal fee invoice for  
30 a single consolidated license at least 45 days prior to the expiration  
31 date of the existing single consolidated license. Timely application  
32 for renewal shall be deemed equivalent to renewal of the license  
33 and special permits, if any, where the department is unable to issue  
34 a renewal license or special permit on or before the expiration date.

35 (k) When the centralized applications unit issues a single  
36 consolidated license pursuant to this section, the department, except  
37 as limited by Section 1229 and Article 5 (commencing with Section  
38 1240), may take any action authorized by this chapter, including,  
39 but not limited to, action specified in Article 5 (commencing with  
40 Section 1240) with respect to a primary care clinic or a mobile

1 health care unit including, special services provided in a primary  
2 care clinic or mobile health care unit that is included on the single  
3 consolidated license.

4 ~~(l) (1) Each primary care clinic and mobile health care unit~~  
5 ~~included on the single consolidated license shall be deemed to be~~  
6 ~~licensed for the purposes of enrollment as a provider in the~~  
7 ~~Medi-Cal program, pursuant to subdivision (c) of Section 14043.15~~  
8 ~~of the Welfare and Institutions Code, or any program specified in~~  
9 ~~Section 1222. The process for enrollment shall be the same process~~  
10 ~~as required under Section 1222.~~

11 ~~(2) Each primary care clinic or mobile health care unit may~~  
12 ~~separately enroll as a provider in the Medi-Cal program or other~~  
13 ~~health care programs using the business address of the primary~~  
14 ~~care clinic site, or, for a mobile health care unit, the business~~  
15 ~~address of the clinical corporation's administrative offices.~~

16 ~~(3) Any action taken against a provider pursuant to Chapter 7~~  
17 ~~(commencing with Section 14000) of Part 3 of Division 9 of the~~  
18 ~~Welfare and Institutions Code, or its successor, shall be an action~~  
19 ~~taken against the individually enrolled primary care clinic site or~~  
20 ~~mobile health care unit only, as applicable, and not against the~~  
21 ~~clinic corporation as a whole.~~

22 ~~(m) Nothing in this section shall affect the method for~~  
23 ~~calculating prospective payment system rates under Section~~  
24 ~~14132.100 of the Welfare and Institutions Code for rural health~~  
25 ~~clinics and federally qualified health centers that are included on~~  
26 ~~a single consolidated license and individually enrolled in the~~  
27 ~~Medi-Cal program.~~

28 ~~(n) (1) Nothing in this section shall affect the requirements for~~  
29 ~~obtaining a clinic license from the California State Board of~~  
30 ~~Pharmacy pursuant to Chapter 9 (commencing with Section 4000)~~  
31 ~~of Division 2 of the Business and Professions Code.~~

32 ~~(2) Each primary care clinic site or mobile health care unit that~~  
33 ~~is included on the single consolidated license shall be deemed to~~  
34 ~~be licensed as a primary care clinic for the purpose of obtaining a~~  
35 ~~pharmacy license.~~

36 ~~(3) Any action taken by the California State Board of Pharmacy~~  
37 ~~pursuant to Chapter 9 (commencing with Section 4000) of Division~~  
38 ~~2 of the Business and Professions Code, including an action to~~  
39 ~~suspend or revoke a pharmacy license pursuant to Article 19~~  
40 ~~(commencing with Section 4300) of Chapter 9 of Division 2 of~~

1 ~~the Business and Professions Code, or its successor, shall be an~~  
2 ~~action taken against the individual primary care clinic site or mobile~~  
3 ~~health care unit that holds that pharmacy license, and not against~~  
4 ~~the clinic corporation as a whole.~~

5 ~~(o) (1) Nothing in this section shall affect the requirements for~~  
6 ~~obtaining a clinical laboratory registration or license pursuant to~~  
7 ~~Section 1265 of the Business and Professions Code.~~

8 ~~(2) Each primary care clinic or mobile health care unit that is~~  
9 ~~included on the single consolidated license shall be deemed to be~~  
10 ~~licensed as a primary care clinical for the purpose of obtaining a~~  
11 ~~clinical laboratory license or registration.~~

12 ~~(3) Any action taken by the department pursuant to Chapter 3~~  
13 ~~(commencing with Section 1200) of Division 2 of the Business~~  
14 ~~and Professions Code, including an action to suspend or revoke a~~  
15 ~~clinical laboratory license or registration under Article 7~~  
16 ~~(commencing with Section 1320) of Chapter 7 of Division 2 of~~  
17 ~~the Business and Professions Code, or its successor, shall be an~~  
18 ~~action taken against the individual primary care clinic site or mobile~~  
19 ~~health care unit that holds the clinical laboratory license or~~  
20 ~~registration, and not against the clinic corporation as a whole.~~

21 ~~(p) (1) Nothing in this section shall require a clinic corporation~~  
22 ~~to apply for a single consolidated license.~~

23 ~~(2) Nothing in this section shall require a clinic corporation to~~  
24 ~~include on an application for a single consolidated license all~~  
25 ~~primary care clinics or mobile health care units owned and operated~~  
26 ~~by the clinic corporation.~~

27 ~~(q) (1) All primary care clinics included on a single consolidated~~  
28 ~~license shall be subject to the requirements of this chapter and~~  
29 ~~Chapter 7 (commencing with Section 75001) of Division 5 of Title~~  
30 ~~22 of the California Code of Regulations, as applicable.~~

31 ~~(2) All mobile health units included on a single consolidated~~  
32 ~~license shall be subject to the requirements of the Mobile Health~~  
33 ~~Care Services Act (Chapter 9 (commencing with Section~~  
34 ~~1765.101)), as applicable.~~

35 ~~(r) Nothing in this section shall prohibit a clinic corporation~~  
36 ~~from requesting program flexibility pursuant to Section 1231 for~~  
37 ~~some or all primary care clinics or mobile health care units included~~  
38 ~~on the single consolidated license.~~

39 ~~(s) No new primary care clinic regulations shall be required to~~  
40 ~~implement this section.~~

1     ~~SEC. 4.~~

2     SEC. 3. Section 1213 of the Health and Safety Code is amended  
3 to read:

4     1213. A person, firm, association, partnership, corporation, or  
5 other legal entity desiring a license for a clinic shall be exempt  
6 from the requirements of Chapter 2 (commencing with Section  
7 16000) of Division 12.5.

8     SEC. 4. *Section 1218.1 of the Health and Safety Code is*  
9 *amended to read:*

10     1218.1. (a) *A clinic corporation on behalf of a primary care*  
11 *clinic that has held a valid, unrevoked, and unsuspended license*  
12 *for at least the immediately preceding five years, with no*  
13 *demonstrated history of repeated or uncorrected violations of this*  
14 *chapter or any a regulation adopted under this chapter that pose*  
15 *immediate jeopardy to a patient, as defined in subdivision (d) (f),*  
16 *and that has no pending action to suspend or revoke its license,*  
17 *may file an affiliate clinic application under this section to establish*  
18 *a primary care clinic at an additional site or a mobile health care*  
19 *unit, which shall hereafter be referred to as the affiliate clinic. The*  
20 *department, upon receipt of the completed affiliated clinic*  
21 *application submitted by the clinic corporation, shall approve a*  
22 *license for the affiliate clinic, without the necessity of first*  
23 *conducting an initial onsite survey, if all of the following conditions*  
24 *are met:*

25     (1) ~~The existing primary care clinic corporation that operates~~  
26 ~~the existing licensed primary care clinic,~~ which shall hereafter be  
27 referred to as the parent clinic, has submitted a completed *affiliated*  
28 *clinic* application for licensure for the affiliate clinic and the  
29 associated application fee.

30     (2) The parent and affiliate clinics' corporate officers, as  
31 specified in Section 5213 of the Corporations Code, are the same.

32     (3) The parent and affiliate clinics are both owned and operated  
33 by the same nonprofit organization with the same board of  
34 directors.

35     ~~(4) The parent clinic has submitted evidence to the department~~  
36 ~~establishing compliance with the minimum construction standards~~  
37 ~~of adequacy and safety of the affiliate clinic's physical plant~~  
38 ~~pursuant to subdivision (b) of Section 1226.~~

1     (4) *The parent and affiliate clinics have the same medical*  
2 *director or directors and medical policies, procedures, protocols,*  
3 *and standards.*

4     (b) *The affiliate clinic application shall consist solely of a*  
5 *single-page form and supporting documents giving the following*  
6 *information:*

7         (1) *The name and address of the clinic corporation's*  
8 *administrative offices.*

9         (2) *The name and contact information of the clinic corporation's*  
10 *chief executive officer or executive director.*

11         (3) *The name and address of the new affiliate primary care*  
12 *clinic site or the location of the new affiliate mobile health care*  
13 *unit.*

14         (4) *The name and contact information of the manager of the*  
15 *new affiliate primary care clinic site or mobile health care unit.*

16         (5) *The expected days and hours of operation and the services*  
17 *to be provided at the new affiliate primary care clinic site or mobile*  
18 *health care unit.*

19         (6) *Evidence that the new affiliate mobile health care unit meets*  
20 *the requirements of the Mobile Health Care Services Act (Chapter*  
21 *9 (commencing with Section 1765.101)).*

22         (7) *The type and the manufacturer of the new affiliate mobile*  
23 *health care unit and the proposed area or areas where the new*  
24 *affiliate mobile health care unit will be providing services.*

25         (8) *To the extent otherwise required by law, evidence of*  
26 *compliance with the minimum construction standards for adequacy*  
27 *and safety of the new affiliate clinic's physical plant, pursuant to*  
28 *the OSHPD 3 requirements of the most recent version of the*  
29 *California Building Code applicable to clinics and subdivision (b)*  
30 *of Section 1226. The compliance may be established in the form*  
31 *prescribed by Section 1226.3.*

32         (9) *Evidence of fire clearance for the new affiliate clinic site.*

33         (10) *A copy of the lease or purchase agreement for the new*  
34 *affiliate clinic site.*

35         (11) *A copy of the transfer agreement between the new affiliate*  
36 *clinic and a local hospital.*

37     (c) *The affiliate clinic application may be signed by an officer*  
38 *of the clinic corporation's board of directors or the clinic*  
39 *corporation's chief executive officer or executive director.*

40     (b)

(d) The department shall issue a *clinic* license under this section within 30 days of receipt of a completed *affiliate clinic* application. If approved, a *clinic* license shall be issued within seven days of approval. If the department determines that an applicant does not meet the conditions stated in subdivision (a), it shall identify, in writing and with particularity, the grounds for that determination, and shall instead process the application in accordance with the time specified in Section 1218.

~~(e)~~

(e) Nothing in this section shall prohibit the department from conducting a licensing inspection of the *affiliate clinic* at any time after receipt of the completed *affiliate clinic* application.

~~(f)~~

(f) For purposes of this section, “immediate jeopardy to a patient” means a situation in which the clinic’s noncompliance with one or more requirements of licensure has caused, or is likely to cause, serious injury, harm, impairment, or death to a patient.

SEC. 5. Section 1218.3 is added to the Health and Safety Code, to read:

1218.3. (a) In order to reduce paperwork, eliminate errors, and streamline communications between the department and licensed primary care clinics, a clinic corporation that operates one or more affiliate clinics shall, on behalf of all licensed clinics it operates, act as the administrative headquarters for purposes of receiving from and submitting to the department communications regarding primary care clinic license applications or license renewals, primary care clinic operations, requests for prior approval, additions of services, primary care clinic relocations, required reports of changes in primary care clinic administration and board of directors, notices of deficiencies, and all communications from the department to primary care clinics licensed by the department including communications by mail, e-mail, facsimile, or any other electronic or telephonic means.

(b) The department shall maintain a corporate file containing information about each clinic corporation operating one or more affiliate clinics, including all of the following:

(1) A copy of the clinic corporation’s articles of incorporation and bylaws.

(2) Unless exempt under paragraph (1) of subdivision (a) of Section 1204, a copy of the determination letter to show the clinic

1 *corporation's exempt status under paragraph (3) of subsection (c)*  
2 *of the Internal Revenue Code of 1954, as amended.*

3 *(3) A copy of the clinic corporation's organizational chart.*

4 *(4) Information identifying the clinic corporation's governing*  
5 *body, including the clinic corporation's board of directors and*  
6 *corporate officers and required documents.*

7 *(5) Information identifying the clinic corporation's*  
8 *administrators, including the chief executive officer or executive*  
9 *director and medical director.*

10 *(c) A clinic corporation shall not be required to resubmit*  
11 *information, materials, or documents identified in subdivision (b)*  
12 *as part of an affiliate clinic application.*

13 *(d) A clinic corporation shall submit to the department, on*  
14 *behalf of all licensed primary care clinics operated by the clinic*  
15 *corporation, a single report of change that is applicable to all*  
16 *primary care clinics operated by the clinic corporation, including*  
17 *a change in a principal officer or general manager of the governing*  
18 *body, the medical director, and the clinic administrator, as*  
19 *required by law.*

20 *(e) A clinic corporation shall submit to the department, on behalf*  
21 *of all licensed primary care clinics operated by the clinic*  
22 *corporation, a single payment for all primary care clinic licensure*  
23 *renewal fees.*

24 ~~SEC. 5. Section 1214 of the Health and Safety Code is amended~~  
25 ~~to read:~~

26 ~~1214. Each application under this chapter for an initial license,~~  
27 ~~renewal license, license upon change of ownership, or special~~  
28 ~~permit shall be accompanied by a Licensing and Certification~~  
29 ~~Program fee, as follows:~~

30 ~~(a) For all primary care clinics licensed pursuant to this chapter,~~  
31 ~~the annual fee shall be set in accordance with Section 1266.~~

32 ~~(b) For all specialty clinics licensed pursuant to this chapter,~~  
33 ~~the annual fee shall be set in accordance with Section 1266.~~

34 ~~(c) For all rehabilitation clinics, the annual fee shall be set in~~  
35 ~~accordance with Section 1266.~~

36 ~~(d) For all clinic corporations issued a single consolidated~~  
37 ~~license pursuant to this chapter, the annual fee shall be set in~~  
38 ~~accordance with Section 1266.~~

39 ~~SEC. 6. Section 1216 of the Health and Safety Code is amended~~  
40 ~~to read:~~

1     ~~1216. (a) Every clinic holding a license or that is included~~  
2     ~~within a single consolidated license of a clinic corporation shall,~~  
3     ~~on or before the 15th day of February each year, file with the Office~~  
4     ~~of Statewide Health Planning and Development upon forms to be~~  
5     ~~furnished by the office, a verified report showing the following~~  
6     ~~information relating to the previous calendar year:~~

7     ~~(1) Number of patients served and descriptive information,~~  
8     ~~including age, gender, race, and ethnic background of patients.~~

9     ~~(2) Number of patient visits by type of service, including all of~~  
10    ~~the following:~~

11    ~~(A) Child health and disability prevention screens, treatment,~~  
12    ~~and followup services.~~

13    ~~(B) Medical services.~~

14    ~~(C) Dental services.~~

15    ~~(D) Other health services.~~

16    ~~(3) Total clinic operating expenses.~~

17    ~~(4) Gross patient charges by payer category, including Medicare,~~  
18    ~~Medi-Cal, the Child Health Disability Prevention Program, county~~  
19    ~~indigent programs, other county programs, private insurance,~~  
20    ~~self-paying patients, nonpaying patients, and other payers.~~

21    ~~(5) Deductions from revenue by payer category, bad debts, and~~  
22    ~~charity care charges.~~

23    ~~(6) Additional information as may be required by the office or~~  
24    ~~the department.~~

25    ~~(b) In the event a clinic fails to file a timely report, the~~  
26    ~~department may suspend the license of the clinic until the report~~  
27    ~~is completed and filed with the office.~~

28    ~~(c) In order to promote efficient reporting of accurate data, the~~  
29    ~~office shall consider the unique operational characteristics of~~  
30    ~~different classifications of licensed clinics, including, but not~~  
31    ~~limited to, the limited scope of services provided by some specialty~~  
32    ~~clinics, in its design of forms for the collection of data required~~  
33    ~~by this section.~~

34    ~~(d) For the purpose of administering funds appropriated from~~  
35    ~~the Cigarette and Tobacco Products Surtax Fund for support of~~  
36    ~~licensed clinics, clinics receiving those funds may be required to~~  
37    ~~report any additional data the office or the department may~~  
38    ~~determine necessary to ensure the equitable distribution and~~  
39    ~~appropriate expenditure of those funds. This shall include, but not~~



1 be limited to, information about the poverty level of patients served  
2 and communicable diseases reported to local health departments.

3 ~~(e) This section shall apply to all primary care clinics.~~

4 ~~(f) This section shall apply to all specialty clinics, as defined in~~  
5 ~~paragraph (2) of subdivision (a) of Section 1204 of the Health and~~  
6 ~~Safety Code that receive tobacco tax funds pursuant to Article 2~~  
7 ~~(commencing with Section 30121) of Chapter 2 of Part 13 of~~  
8 ~~Division 2 of the Revenue and Taxation Code.~~

9 ~~(g) Specialty clinics that are not required to report pursuant to~~  
10 ~~subdivision (f) shall report data as directed in this section as it~~  
11 ~~existed prior to the enactment of Chapter 1331 of the Statutes of~~  
12 ~~1989 and Chapter 51 of the Statutes of 1990.~~

13 ~~SEC. 7. Section 1229 of the Health and Safety Code is amended~~  
14 ~~to read:~~

15 ~~1229. (a) The state department shall notify, in writing, a clinic~~  
16 ~~of all deficiencies in its compliance with the provisions of this~~  
17 ~~chapter, or the rules and regulations adopted hereunder, that are~~  
18 ~~discovered or confirmed by inspection, and the clinic shall agree~~  
19 ~~with the department on a plan of correction that shall give the clinic~~  
20 ~~a reasonable time to correct the deficiencies. During the allotted~~  
21 ~~time, a list of deficiencies and the plan of correction shall be~~  
22 ~~conspicuously posted in a clinic location accessible to public view.~~  
23 ~~If, at the end of the allotted time provided in the plan of correction,~~  
24 ~~the clinic has failed to correct the deficiencies, the department~~  
25 ~~shall assess the licensee a civil penalty not to exceed fifty dollars~~  
26 ~~(\$50) per day, until the state department finds the clinic in~~  
27 ~~compliance. In that case, the department may also initiate action~~  
28 ~~against the clinic to revoke or suspend the license. Nothing in this~~  
29 ~~chapter shall be deemed to prohibit a clinic that is unable to correct~~  
30 ~~the deficiencies specified in a plan of correction for reasons beyond~~  
31 ~~its control from voluntarily surrendering its license pursuant to~~  
32 ~~Section 1245 prior to the assessment of a civil penalty or the~~  
33 ~~initiation of a revocation or suspension proceeding.~~

34 ~~(b) (1) Notwithstanding subdivision (a), the department shall~~  
35 ~~notify, in writing, a primary care clinic or mobile health care unit~~  
36 ~~included on a single consolidated license issued pursuant to Section~~  
37 ~~1212.5, of all deficiencies in its compliance with this chapter, or~~  
38 ~~the rules and regulations adopted hereunder, that are discovered~~  
39 ~~or confirmed by inspection. The department shall also notify, in~~  
40 ~~writing, the clinic corporation of the notice of deficiency. Upon~~

1 receiving notification from the department, the primary care clinic  
2 or mobile health care unit shall notify the clinic corporation of its  
3 deficiencies. The deficient primary care clinic or mobile health  
4 care unit shall agree with the department on a plan of correction  
5 that gives the deficient primary care clinic or mobile health care  
6 unit a reasonable time to correct the deficiencies. If, at the end of  
7 the allotted time provided in the plan of correction, the deficient  
8 primary care clinic or mobile health care unit has failed to correct  
9 the deficiencies, the department shall assess the deficient primary  
10 care clinic or mobile health care unit a civil penalty not to exceed  
11 fifty dollars (\$50) per day, until the department finds the deficient  
12 primary care clinic or mobile health care unit in compliance. The  
13 department may also initiate action against the clinic corporation  
14 to remove or suspend the applicability of the single consolidated  
15 license to the deficient clinic or unit pursuant to the procedure in  
16 Section 1241.

17 (2) Prior to the assessment of a civil penalty or the initiation of  
18 a removal or suspension proceeding, the department may accept  
19 both of the following from the clinic corporation in lieu of civil  
20 penalties and action for removal or suspension:

21 (A) Pursuant to Section 1245, the voluntary surrender of the  
22 portion of the clinic corporation's single consolidated license that  
23 is applicable to the deficient primary care clinic or mobile health  
24 care unit.

25 (B) The deletion of the deficient primary care clinic or the  
26 mobile health care unit from the clinic corporation's single  
27 consolidated license.

28 (3) If a primary care clinic or mobile health care unit is no longer  
29 licensed due to a removal, suspension, or voluntary surrender of  
30 its license pursuant to this section, the process for reinstatement  
31 of its license shall be as follows:

32 (A) The process for reinstatement after voluntary surrender shall  
33 be pursuant to Section 1245.

34 (B) The process for reinstatement after suspension shall be  
35 pursuant to Section 1242.

36 (C) The process for reinstatement after revocation shall be  
37 pursuant to Section 1244.

38 SEC. 8. Section 1245 of the Health and Safety Code is amended  
39 to read:

1     ~~1245. (a) Any licensee or holder of a special permit may, with~~  
2 ~~the approval of the department, surrender his or her license or~~  
3 ~~special permit for suspension by the department for a temporary~~  
4 ~~period not to exceed 24 consecutive months.~~

5     ~~(b) A clinic corporation with a single consolidated license may,~~  
6 ~~with the approval of the department, surrender the portion of the~~  
7 ~~clinic corporation's single consolidated license that is applicable~~  
8 ~~to a primary care clinic or mobile health care unit that is found to~~  
9 ~~be deficient pursuant to subdivision (b) of Section 1229, for~~  
10 ~~suspension by the department for a temporary period not to exceed~~  
11 ~~24 consecutive months.~~

12     ~~(c) (1) A license, special permit, or portion of a clinic~~  
13 ~~corporation's single consolidated license suspended pursuant to~~  
14 ~~this section may be reinstated by the department on receipt of an~~  
15 ~~application and after an inspection showing full compliance with~~  
16 ~~all applicable licensing requirements.~~

17     ~~(2) A clinic corporation may apply for reinstatement of a~~  
18 ~~deficient primary care clinic or mobile health care unit using the~~  
19 ~~form described in subdivision (g) of Section 1212.5.~~

20     ~~(d) (1) Upon voluntary surrender of a single consolidated license~~  
21 ~~by a clinic corporation, the department shall issue individual~~  
22 ~~licenses to each primary care clinic and mobile health care unit~~  
23 ~~included on the single consolidated license and that are not the~~  
24 ~~subject of a deficiency pursuant to Section 1229.~~

25     ~~(2) The clinic corporation may apply for reinstatement by~~  
26 ~~submitting a new application for a single consolidated license.~~

27     ~~SEC. 9. Section 1266 of the Health and Safety Code is amended~~  
28 ~~to read:~~

29     ~~1266. (a) The Licensing and Certification Division shall be~~  
30 ~~supported entirely by federal funds and special funds by no earlier~~  
31 ~~than the beginning of the 2009–10 fiscal year unless otherwise~~  
32 ~~specified in statute, or unless funds are specifically appropriated~~  
33 ~~from the General Fund in the annual Budget Act or other enacted~~  
34 ~~legislation. For the 2007–08 fiscal year, General Fund support~~  
35 ~~shall be provided to offset licensing and certification fees in an~~  
36 ~~amount of not less than two million seven hundred eighty-two~~  
37 ~~thousand dollars (\$2,782,000).~~

38     ~~(b) (1) The Licensing and Certification Program fees for the~~  
39 ~~2006–07 fiscal year shall be as follows:~~

40 -

1	Type of Facility	Fee	
2	General Acute Care Hospitals	\$ 134.10	per bed
3	Acute Psychiatric Hospitals	\$ 134.10	per bed
4	Special Hospitals	\$ 134.10	per bed
5	Chemical Dependency Recovery Hospitals	\$ 123.52	per bed
6	Skilled Nursing Facilities	\$ 202.96	per bed
7	Intermediate Care Facilities	\$ 202.96	per bed
8	Intermediate Care Facilities - Developmentally		
9	Disabled	\$ 592.29	per bed
10	Intermediate Care Facilities - Developmentally		
11	Disabled - Habilitative	\$1,000.00	per facility
12	Intermediate Care Facilities - Developmentally		
13	Disabled - Nursing	\$1,000.00	per facility
14	Home Health Agencies	\$2,700.00	per facility
15	Referral Agencies	\$5,537.71	per facility
16	Adult Day Health Centers	\$4,650.02	per facility
17	Congregate Living Health Facilities	\$ 202.96	per bed
18	Psychology Clinics	\$ 600.00	per facility
19	Primary Clinics - Community and Free	\$ 600.00	per facility
20	Specialty Clinics - Rehab Clinics		
21	—(For profit)	\$2,974.43	per facility
22	—(Nonprofit)	\$ 500.00	per facility
23	Specialty Clinics - Surgical and Chronic	\$1,500.00	per facility
24	Dialysis Clinics	\$1,500.00	per facility
25	Pediatric Day Health/Respite Care	\$ 142.43	per bed
26	Alternative Birthing Centers	\$2,437.86	per facility
27	Hospice	\$1,000.00	per facility
28	Correctional Treatment Centers	\$ 590.39	per bed

29  
 30 ~~(2) In the first year of licensure for intermediate care~~  
 31 ~~facility/developmentally disabled-continuous nursing (ICF/DD-CN)~~  
 32 ~~facilities, the licensure fee for those facilities shall be equivalent~~  
 33 ~~to the licensure fee for intermediate care facility/developmentally~~  
 34 ~~disabled-nursing facilities during the same year. Thereafter, the~~  
 35 ~~licensure fee for ICF/DD-CN facilities shall be established pursuant~~  
 36 ~~to subdivisions (c) and (d).~~

37 ~~(c) Commencing February 1, 2007, and every February 1~~  
 38 ~~thereafter, the department shall publish a list of estimated fees~~  
 39 ~~pursuant to this section. The calculation of estimated fees and the~~  
 40 ~~publication of the report and list of estimated fees shall not be~~

1 ~~subject to the rulemaking requirements of Chapter 3.5~~  
2 ~~(commencing with Section 11340) of Part 1 of Division 3 of Title~~  
3 ~~2 of the Government Code.~~

4 ~~(d) Commencing February 1, 2011, and every February 1~~  
5 ~~thereafter, the department shall publish the estimated fee for a~~  
6 ~~single consolidated license issued under Section 1212.5 pursuant~~  
7 ~~to this section. The estimated fee for primary care clinics, for each~~  
8 ~~primary care clinic included in a single consolidated license shall~~  
9 ~~be included in the report and list of estimated fees required by~~  
10 ~~subdivisions (c) and (e).~~

11 ~~(e) By February 1 of each year, the department shall prepare~~  
12 ~~the following reports and shall make those reports, and the list of~~  
13 ~~estimated fees required to be published pursuant to subdivision~~  
14 ~~(e), available to the public by submitting them to the Legislature~~  
15 ~~and posting them on the department's Internet Web site:~~

16 ~~(1) The department shall prepare a report of all costs for~~  
17 ~~activities of the Licensing and Certification Program. At a~~  
18 ~~minimum, this report shall include a narrative of all baseline~~  
19 ~~adjustments and their calculations, a description of how each~~  
20 ~~category of facility was calculated, descriptions of assumptions~~  
21 ~~used in calculations, and shall recommend Licensing and~~  
22 ~~Certification Program fees in accordance with the following:~~

23 ~~(A) Projected workload and costs shall be grouped for each fee~~  
24 ~~category, including workload costs for facility categories that have~~  
25 ~~been established by statute and for which licensing regulations~~  
26 ~~and procedures are under development.~~

27 ~~(B) Cost estimates, and the estimated fees, shall be based on~~  
28 ~~the appropriation amounts in the Governor's proposed budget for~~  
29 ~~the next fiscal year, with and without policy adjustments to the fee~~  
30 ~~methodology.~~

31 ~~(C) The allocation of program, operational, and administrative~~  
32 ~~overhead, and indirect costs to fee categories shall be based on~~  
33 ~~generally accepted cost allocation methods. Significant items of~~  
34 ~~costs shall be directly charged to fee categories if the expenses can~~  
35 ~~be reasonably identified to the fee category that caused them.~~  
36 ~~Indirect and overhead costs shall be allocated to all fee categories~~  
37 ~~using a generally accepted cost allocation method.~~

38 ~~(D) The amount of federal funds and General Fund moneys to~~  
39 ~~be received in the budget year shall be estimated and allocated to~~  
40 ~~each fee category based upon an appropriate metric.~~

~~(E) The fee for each category shall be determined by dividing the aggregate state share of all costs for the Licensing and Certification Program by the appropriate metric for the category of licensure. Amounts actually received for new licensure applications, including change of ownership applications, and late payment penalties, pursuant to Section 1266.5, during each fiscal year shall be calculated and 95 percent shall be applied to the appropriate fee categories in determining Licensing and Certification Program fees for the second fiscal year following receipt of those funds. The remaining 5 percent shall be retained in the fund as a reserve until appropriated.~~

~~(2) (A) The department shall prepare a staffing and systems analysis to ensure efficient and effective utilization of fees collected, proper allocation of departmental resources to licensing and certification activities, survey schedules, complaint investigations, enforcement and appeal activities, data collection and dissemination, surveyor training, and policy development.~~

~~(B) The analysis under this paragraph shall be made available to interested persons and shall include all of the following:~~

~~(i) The number of surveyors and administrative support personnel devoted to the licensing and certification of health care facilities.~~

~~(ii) The percentage of time devoted to licensing and certification activities for the various types of health facilities.~~

~~(iii) The number of facilities receiving full surveys and the frequency and number of followup visits.~~

~~(iv) The number and timeliness of complaint investigations.~~

~~(v) Data on deficiencies and citations issued, and numbers of citation review conferences and arbitration hearings.~~

~~(vi) Other applicable activities of the licensing and certification division.~~

~~(f) (1) The department shall adjust the list of estimated fees published pursuant to subdivision (c) if the annual Budget Act or other enacted legislation includes an appropriation that differs from those proposed in the Governor's proposed budget for that fiscal year.~~

~~(2) The department shall publish a final fee list, with an explanation of any adjustment, by the issuance of an all facilities letter, by posting the list on the department's Internet Web site, and by including the final fee list as part of the licensing application~~

1 package, within 14 days of the enactment of the annual Budget  
2 Act. The adjustment of fees and the publication of the final fee list  
3 shall not be subject to the rulemaking requirements of Chapter 3.5  
4 (commencing with Section 11340) of Part 1 of Division 3 of Title  
5 2 of the Government Code.

6 ~~(g) (1) No fee shall be assessed or collected pursuant to this~~  
7 ~~section from any state department, authority, bureau, commission,~~  
8 ~~or officer, unless federal financial participation would become~~  
9 ~~available by doing so and an appropriation is included in the annual~~  
10 ~~Budget Act for that department, authority, bureau, commission,~~  
11 ~~or officer for this purpose. No fee shall be assessed or collected~~  
12 ~~pursuant to this section from any clinic that is certified only by the~~  
13 ~~federal government and is exempt from licensure under Section~~  
14 ~~1206, unless federal financial participation would become available~~  
15 ~~by doing so.~~

16 ~~(2) For the 2006–07 state fiscal year, no fee shall be assessed~~  
17 ~~or collected pursuant to this section from any general acute care~~  
18 ~~hospital owned by a health care district with 100 beds or less.~~

19 ~~(h) The Licensing and Certification Program may change annual~~  
20 ~~license expiration renewal dates to provide for efficiencies in~~  
21 ~~operational processes or to provide for sufficient cashflow to pay~~  
22 ~~for expenditures. If an annual license expiration date is changed,~~  
23 ~~the renewal fee shall be prorated accordingly. Facilities shall be~~  
24 ~~provided with a 60-day notice of a change in their annual license~~  
25 ~~renewal date.~~

26 ~~SEC. 10:~~

27 *SEC. 6.* No reimbursement is required by this act pursuant to  
28 Section 6 of Article XIII B of the California Constitution because  
29 the only costs that may be incurred by a local agency or school  
30 district will be incurred because this act creates a new crime or  
31 infraction, eliminates a crime or infraction, or changes the penalty  
32 for a crime or infraction, within the meaning of Section 17556 of  
33 the Government Code, or changes the definition of a crime within  
34 the meaning of Section 6 of Article XIII B of the California  
35 Constitution.